

## Message Text

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ACTION NEA-16

INFO OCT-01 ISO-00 PM-07 NSC-07 SP-03 SS-20 RSC-01 CIAE-00

DODE-00 INR-11 NSAE-00 PA-04 USIA-15 PRS-01 EB-11

AID-20 IGA-02 COME-00 TRSE-00 DRC-01 AGR-20 DEAE-00

SNM-02 JUSE-00 /142 W

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R 241045Z JUL 74

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 7477

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E.O. 11652: N/A

TAGS: SOCI, IR

SUBJECT: GOI MOVES AGAINST CORRUPTION IN ISFAHAN

SUMMARY: AUTHORITIES HAVE ARRESTED A NUMBER OF ISFAHAN BUSINESSMEN AND GOVERNMENT OFFICIALS ON CHARGES OF FRAUD, BRIBERY AND EMBEZZLEMENT OF 1.2 BILLION RIALS FROM ISFAHAN SUGAR REFINERY. UNLIKE RECENT DISMISSAL OF GENDARMERIE CHIEF FOR TAKING SMUGGLERS' BRIBES, ISFAHAN CASE IS RECEIVING HEAVY PUBLICITY. END SUMMARY.

1. FOLLOWING INVESTIGATION BY IMPERIAL INSEPCTORATE, GOI ON JULY 21 ANNOUNCED THE ARREST OF 22 PERSONS IN ISFAHAN ON CHARGES OF FRAUD, BRIBERY, SMUGGLING, FORGERING AND EMBEZZLEMENT OF 1.2 BILLION RIALS (US\$ 178 MILLION) FROM ISFAHAN SUGAR REFINERY. ARRESTED INCLUDE HUSSAIN HAMADANIAN, MULTI-MILLIONAIRE OWNER OF 51 PERCENT OF ISFAHAN SUGAR REFINERY, TEXTILE MILLS, CEMENT FACTORY AND EXTENSIVE LAND HOLDINGS:

MORTEZA BINA, FORMER GOVERNOR OF ISFAHAN AND DEPUTY GOVERNOR-GENERAL OF ISFAHAN PROVINCE; AZIZ MEMARBASHI, HEAD OF MINISTRY OF AGRICULTURE OFFICE IN ISFAHAN; HASSAN ZAHIREDDINI, DIRECTOR OF ISFAHAN SUGAR ORGANIZATION; REFINERY'S MANAGING DIRECTOR AND OTHER EMPLOYEES, AND THREE GENDARMES AND CUSTOMS OFFICERS. ALL DETAINEES ARE PRESENTLY BEING HELD IN ISFAHAN JAIL EXCEPT FOR HAMADANIAN WHO

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DUE TO HEART ATTACK IS IN ISFAHAN PRISON HOSPITAL. EMBEZZLEMENT

ALLEGEDLY TOOK PLACE IN PART THROUGH ELABORATE THEFT OF 7,932 TONS OF SUGAR FROM REFINERY OVER THREE YEAR PERIOD AND ITS SALE ON FREE MARKET IN TEHRAN.

2. WHILE CHECKING ON CLAIMS THAT REFINERY OUTPUT WAS LOW DUE TO INFERIOR QUALITY OF SUGAR BEET, AGRICULTURAL SPECIALISTS BECAME SUSPICIOUS AND REPORTED MATTER TO MINAGR MANSOUR ROUHANI WHO IN TURN INFORMED HIM. SHAH INSTRUCTED IMPERIAL INSPECTORS TO INVESTIGATE AND ARRESTS RESULTED.

3. COMMENT: THIS INCIDENT FOLLOWS BY SEVERAL WEEKS RELATIVELY UNPUBLICIZED DISMISSAL OF GENDARMERIE CHIEF GENERAL FAROUKHIA AND TWO OF HIS OFFICERS FOR ACCEPTING BRIBES FROM DRUG SMUGGLERS. SUCH SCANDALS ARE NOT UNCOMMON IN IRAN WHERE SOME FORMS OF CORRUPTION ARE TRADITIONAL BUT SHAH IS REPORTED TO BE VERY UPSET BY THIS CASE AND TO HAVE INSTRUCTED THAT OFFENSE BE PUBLICIZED AND QUICKLY PROSECUTED.  
HELMS

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BUSINESSMEN, CRIMES, SMUGGLING, PROVINCIAL OFFICIALS, ARRESTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 JUL 1974  
**Decaption Date:** 01 JAN 1960  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** powellba2  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Disposition Remarks:**  
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**Film Number:** D740200-0313  
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**Subject:** GOI MOVES AGAINST CORRUPTION IN ISFAHAN SUMMARY: AUTHORITIES HAVE ARRESTED A NUMBER OF ISFAHAN BUSINESSMEN  
**TAGS:** SOCI, IR, (HAMADANIAN, HUSSAIN), (BINA, MORTEZA), (MEMARBASHI, AZIZ), (ZABIREDDINI, HASSAN), (FAROUKHNIA)  
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